

not an elderly or displaced person, or a person with disabilities, regardless of the applicant's Federal or local preferences.

(c) *Housing assistance limitation for single persons.* A single person who is not an elderly or displaced person, or a person with disabilities, or the remaining member of a tenant family may not be provided:

(1) For public housing and other project-based assistance, a housing unit with two or more bedrooms; or

(2) For tenant-based assistance, housing assistance for which the family unit size as determined by the HA subsidy standard exceeds the one bedroom level.

(d) This section shall not apply to the Section 8 Moderate Rehabilitation Program for Single Room Occupancy Dwellings for Homeless Individuals set forth at 24 CFR part 882, subpart H.

[61 FR 5665, Feb. 13, 1996, as amended at 61 FR 13616, Mar. 27, 1996]

#### § 5.410 Selection preferences.

(a) *Applicability.* The selection preferences that are described in this part are applicable to public housing and housing assisted under the Section 8 Housing Assistance Payments program. (Corresponding provisions applicable to the Indian housing program are found in 24 CFR part 950.) These preferences are administered by the entity responsible for admission functions in the programs covered ("responsible entity"), i.e., the public housing agency ("HA") in the public housing and Section 8 Certificate/Voucher and Moderate Rehabilitation programs and the owner in all other Section 8 programs.

(b) *Types of preference.* There are three types of admission preferences:

(1) "Federal preferences" are admission preferences for three categories of families, as prescribed in 42 U.S.C. 1437d(c)(4)(A), 1437f(d)(1)(A), 1437f(o)(3), and 1437f note. Federal preference is given for selection of families that are:

(i) Involuntarily displaced;

(ii) Living in substandard housing (including families that are homeless or living in a shelter for the homeless); or

(iii) Paying more than 50 percent of family income for rent.

(2) "Ranking preferences" are preferences that may be established by the responsible entity to use in selecting among applicants that qualify for federal preferences.

(3) "Local preferences" are preferences for use in selecting among applicants without regard to their federal preference status. (See 42 U.S.C. 1437d(c)(4)(A), 1437f(d)(1)(A), 1437f(o)(3), and 1437f note.)

(c) *System.* In the Section 8 programs other than the Certificate/Voucher and Moderate Rehabilitation programs, the owner must establish a system for selection of applicants from the waiting list that includes the following:

(1) How the federal preferences will be used;

(2) How any ranking preferences will be used;

(3) How any local preferences will be used; and

(4) How any residency preference will be used.

(d) *Use of preference in selection process—(1) Factors other than federal and local preferences—(i) Characteristics of the unit.* For developments administered under the Section 8 New Construction and Substantial Rehabilitation programs and the public housing program, the responsible entity may match other characteristics of the applicant family with the type of unit available, e.g., number of bedrooms. In selection of a family for a unit that has special accessibility features, the responsible entity must give preference to families that include persons with disabilities who can benefit from those features of the unit (see 24 CFR 8.27 and 24 CFR 100.202(c)(3)). Also, in selection of a family for a unit in a mixed population project, the responsible entity will give preference to elderly families and disabled families (see subpart D of part 960 or § 880.612a or § 881.612a of this title).

(ii) *Singles preference.* See § 5.405.

(2) *Local preference admissions.* (i) Local preferences may be adopted or amended by an HA to respond to local housing needs and priorities after the HA has conducted a public hearing.

(ii) For Section 8 programs other than the Section 8 Certificate/Voucher,

Project-Based Certificate, and Moderate Rehabilitation programs operated under 24 CFR part 982, 983, and 882, respectively, if the owner wants to use preferences to select among applicants without regard to their federal preference status, it must use the local preference system adopted for use in the Section 8 Certificate/Voucher programs by the housing agency for the jurisdiction. If there is more than one HA for the jurisdiction, the owner shall use the local preference system of the HA for the lowest level of government that has jurisdiction where the project is located. For the public housing program, the HA may use a local preference system it adopts for that program.

(iii) In the Section 8 programs other than the Certificate/Voucher, Project-Based Certificate, and Moderate Rehabilitation programs operated under 24 CFR parts 982, 983 and 882, respectively, before an owner implements the HA's local preferences, the owner must receive approval from the HUD Field Office. HUD shall review these preferences to ensure that they are applicable to any tenant eligibility limitations for the subject housing and that they are consistent with HUD requirements pertaining to nondiscrimination and the Affirmative Fair Housing Marketing objectives. If HUD determines that the local preferences are in violation of those requirements, the owner will not be permitted to admit applicants on the basis of any local preferences.

(iv) In any year, the number of families given preference in admission pursuant to a local preference over families with a federal preference may not exceed the local preference limit. "Local preference limit" means the following:

(A) For an HA's Section 8 Certificate/Voucher program operated under 24 CFR part 982, ten percent of annual waiting list admissions;

(B) For an HA's public housing program, fifty percent of annual admissions;

(C) For an HA's Section 8 Moderate Rehabilitation program, thirty percent of annual admissions;

(D) For Section 8 New Construction, Substantial Rehabilitation, and Loan

Management/Property Disposition projects, thirty percent of annual admissions to each project; and

(E) For the Section 8 Project-Based Certificate program, thirty percent of total annual waiting list admissions to the HA's Project-Based Certificate program (including admissions pursuant to 24 CFR 983.203(c)(3)).

(3) *Prohibition of preference if applicant was evicted for drug-related criminal activity.* With respect to the Section 8 Certificate, Voucher, Loan Management, and Property Disposition programs and the public housing program, the HA may not give a preference (federal preference, local preference, or ranking preference) to an applicant if any member of the family is a person who was evicted during the past three years from housing assisted under a 1937 Housing Act program because of drug-related criminal activity. However, the HA may give an admission preference in any of the following cases:

(i) If the HA determines that the evicted person has successfully completed a rehabilitation program approved by the HA;

(ii) If the HA determines that the evicted person clearly did not participate in or know about the drug-related criminal activity; or

(iii) If the HA determines that the evicted person no longer participates in any drug-related criminal activity.

(4) *Retention of federal preference status.* With respect to determining the preference status of an applicant for the Section 8 Certificate/Voucher programs, an applicant who is receiving tenant-based assistance under the HOME program (24 CFR part 92) and an applicant who resides in public or Indian housing of the same HA (and was on the tenant-based program waiting list when admitted to the HA's public or Indian housing on or after April 26, 1993), the HA determines whether the applicant qualifies for federal preference based on the situation of the applicant at the time the applicant began to receive tenant-based assistance under the HOME program or was admitted to the HA's public or Indian housing program (beginning of initial public or Indian housing lease).

(e) *Income-based admission.* (1) In public housing, the HA may only give preference to select a relatively higher income family for admission if the preference is pursuant to a "local preference" admission. (For other income-related restrictions on selection, see 24 CFR 913.105.)

(2) In Section 8 programs, the responsible entity may not select a family for admission in an order different from the order on the waiting list for the purpose of selecting a relatively higher income family for admission.

(f) *Informing applicants about admission preferences.* (1) The responsible entity must inform all applicants about available preferences and must give applicants an opportunity to show that they qualify for available preferences (federal preference, ranking preference, or local preference).

(2) If the responsible entity determines that the notification to all applicants on a waiting list required by paragraph (f)(1) of this section is impracticable because of the length of the list, the responsible entity may provide this notification to fewer than all applicants on the list at any given time. The responsible entity must, however, have notified a sufficient number of applicants at any given time that, on the basis of the entity's determination of the number of applicants on the waiting list who already claim a federal preference and the anticipated number of project admissions:

(i) There is an adequate pool of applicants who are likely to qualify for a federal preference; and

(ii) It is unlikely that, on the basis of the responsible entity's framework for applying the preferences under paragraph (c) of this section and the federal preferences claimed by those already on the waiting list, any applicant who has not been so notified would receive assistance before those who have received notification.

(g) *Notice and opportunity for a meeting where preference is denied.* (1) If the responsible entity determines that an applicant does not qualify for a federal preference, ranking preference, or local preference claimed by the applicant, the responsible entity must promptly give the applicant written notice of the determination. The notice must con-

tain a brief statement of the reasons for the determination, and state that the applicant has the right to meet with a representative of the responsible entity to review the determination. The meeting may be conducted by any person or persons designated by the responsible entity, who may be an officer or employee of the responsible entity, including the person who made or reviewed the determination or a subordinate employee.

(2) The applicant may exercise other rights if the applicant believes that the applicant has been discriminated against on the basis of race, color, religion, sex, national origin, age, disability or familial status.

(h) *Residency preferences.* A "residency preference" is a preference for admission of families that reside anywhere in a specified "residency preference area." A residency preference may be used as a ranking or local preference.

(1) *Section 8 programs other than Certificate/Voucher and Project-Based Certificate.* In these developments, local residency requirements are prohibited.

(2) *Section 8 Certificate/Voucher and Project-Based Certificate programs.* Any residency preference must be approved by HUD.

(i) A county or municipality may be used as a residency preference area.

(ii) An area smaller than a county or municipality may not be used as a residency preference area.

(3) *All projects.* With respect to any residency preference, applicants who are working or who have been notified that they are hired to work in the residency preference area shall be treated as residents of the residency preference area. A residency preference may not be based on how long the applicant has resided in or worked in the residency preference area.

(i) *Nondiscrimination.* (1) Any selection preferences must be established and administered in accordance with the following authorities:

(i) Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) and the implementing regulations at 24 CFR part 1;

(ii) The Fair Housing Act (42 U.S.C. 3601-3619) and the implementing regulations at 24 CFR parts 100, 108, 109, and 110;

(iii) Executive Order 11063 on Equal Opportunity in Housing and the implementing regulations at 24 CFR part 107;

(iv) Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and the implementing regulations at 24 CFR part 8;

(v) The Age Discrimination Act of 1975 (42 U.S.C. 6101-6107) and the implementing regulations at 24 CFR part 146; and

(vi) The Americans with Disabilities Act (42 U.S.C. 12101-12213) to the extent applicable.

(2) Such preferences also must be consistent with HUD's affirmative fair housing objectives and (where applicable) the owner's HUD-approved affirmative fair housing marketing plan.

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[61 FR 9041, Mar. 6, 1996]

#### § 5.415 Federal preferences: general.

(a) *Definitions.* The definitions of these preference categories stated in §§ 5.420, 5.425, and 5.430 must be used by the responsible entity, except that an HA may use its own alternative definitions if they have been approved by HUD.

(b) *Ranking preferences: selection among federal preference holders.* The responsible entity's system of administering the federal preferences (its admission policy, in the case of the Section 8 Certificate/Voucher programs) may provide for use of ranking preference for selecting among applicants who qualify for federal preference.

(1) The responsible entity may give preference to working families—so long as the prohibition of § 5.410 against selection based on income and the non-discrimination provisions that protect against discrimination on the basis of age or disability are not violated. (If a responsible entity adopts such a preference, it may not give greater weight to an applicant based on the amount of employment income, and an applicant household shall be given the benefit of the preference if the head and spouse, or sole member, are age 62 or older or are receiving social security disability, supplemental security income disability benefits, or any other payments based on an individual's inability to

work.) A responsible entity may give preference to graduates of, as well as active participants in, educational and training programs that are designed to prepare individuals for the job market. The responsible entity also may use the housing agency's "local preferences" for the Section 8 Certificate and Voucher programs to rank federal preference holders.

(2) The ranking preferences may give different weight to the federal preferences, through such means as:

(i) Aggregating the federal preferences (e.g., provide that two federal preferences outweigh one);

(ii) Giving greater weight to holders of a particular category of federal preference; or

(iii) Giving greater weight to a federal preference holder who fits a particular category of federal preference.

(c) *Qualifying for a federal preference—*

(1) *Certification of preference.* An applicant may claim qualification for a federal preference by certifying to the responsible entity that the family qualifies for federal preference. The responsible entity must accept this certification, unless the responsible entity verifies that the applicant is not qualified for federal preference.

(2) *Verification of preference.* (i) Before admitting an applicant on the basis of a federal preference, the responsible entity must require the applicant to provide information needed by the responsible entity to verify that the applicant qualifies for a federal preference because of the applicant's current status. The applicant's current status must be determined without regard to whether there has been a change in the applicant's qualification for a federal preference between the time of application and selection for admission, including a change from one federal preference category to another.

(ii) In the case of Section 8 programs other than the Section 8 Certificate/Voucher, Project-Based Certificate, and Moderate Rehabilitation programs, the owner must use the verification procedures specified in § 5.420(c) (involuntary displacement); § 5.425(c) (substandard housing); and § 5.430(b) (rent burden). In the case of the Section 8 Certificate/Voucher, Project-Based Certificate, and Moderate Rehabilitation